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Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 PA-01
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 AGRE-00 /104 W
----------058006 010319Z /14
R 301545Z AUG 78 ZDK
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9556
TREASURY DEPT WASHDC
INFO USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L LONDON 13960

PASS EXIM BANK

C O R R E C T E D COPY (PARA 3 LINE ADDED)

E.O. 11652: N/A
TASG: EFIN, UK
SUBJECT: FINANCING TRADE WITH PRC

REF: LONDON 13435

1. HMG OFFICIALS CONCERNED WITH EXPORT CREDITS FURTHER DISCUSSED THE STATUS OF THE PLAN TO FINANCE U.K. EXPORTS TO THE PEOPLE'S REPUBLIC OF CHINA WITH EMBASSY OFFICER. AT THIS STAGE THERE ARE BUT TWO FACILITIES BEING ESTABLISHED, EACH INVOLVING DEPOSITS OF $100 MILLION WITH THE BANK OF CHINA IN LONDON. THE DEPOSIT FEATURE WAS INTRO-

DUCED SOLELY TO CIRCUMVENT THE DIFFICULTY OF USING NORMAL BUYER CREDIT FACILITIES IN PRC TRADE. THESE WILL BE USED TO FINANCE CONTRACTS OF AT LEAST 5 MILLION POUNDS IN VALUE, BUT ARE NOT ENVISIONED AS PROVIDING FINANCE FOR
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LARGE PROJECTS. THE $100 MILLION FIGURE REPRESENTS THE AMOUNT OF TRADE TO BE FINANCED,BUT IT SHOULD BE POSSIBLE TO ADAPT THE SCHEME TO ROLL CREDITS OVER AGAINST NEW ORDERS AS UTILIZED CREDITS ARE REPAID. THERE ARE MANY FEATURES OF THE SCHEME THAT ARE NOT YET FIRM -- THE MATURITIES OF THE CREDITS IN PARTICULAR. NEVERTHELESS, U.K. OFFICIALS NOTE THAT THE SCHEME WILL CONFORM TO THE

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CONSENSUS ON OFFICIALLY-SUPPORTED EXPORT CREDITS.

2. U.K. OFFICIALS ARE CLEARLY CONCERNED WITH THE TERMS OF FINANCE THAT JAPAN MAY HAVE OFFERED ON ITS EXPORTS TO THE P.R.C. THEY RECALL THE PAINFUL COMPETITION ON TERMS TO THE U.S.S.R. AT THIS POINT THEY HAVE REQUESTED THAT U.K. EMBASSY, TOKYO, TRY TO UNEARTH FURTHER INFORMATION ON THE CREDITS. IT IS THOUGHT THAT THE PRECISE TERMS OF THE JAPANESE CREDITS MAY BE ENTANGLED IN COMPLEX TRADE PACKAGES. U.K. EMBASSY HAS BEEN REQUESTED TO CO-ORDINATE WITH U.S. EMBASSY, TOKYO, IN DETERMINING THE CHARACTER OF THESE CREDITS.

3. IT IS FELT THAT IF THE INFORMATION ON THE JAPANESE CREDITS INDICATES FURTHER ACTION DESIRABLE, APPROACHES BY INDIVIDUAL MEMBERS OF THE CONSENSUS WOULD BE MOST FRUITFUL. USING THE SEPTEMBER 8, G-10, SESSION AS AN OPPORTUNITY FOR SUCH AN APPROACH HAS NOT BEEN RULED OUT; ALTHOUGH IT IS FEARED THAT TO CHOOSE THAT TIME MIGHT TEND TO RELEGATE THE QUESTION TO A TIER OF SECOND IMPORTANCE AMONG THE OTHER SUBJECTS THAT MIGHT CONCERN THOSE ATTENDING.

4. U.K. OFFICIALS HOPE THAT THE U.S. WILL CONTINUE ITS INTEREST IN THIS PROBLEM. THEY EMPHASIZE THE VIGOR THE U.S. HAS SHOWN IN THE PAST PROMOTING ADHERENCE TO THE CONFIDENTIAL

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CONSENSUS, AND TO U.S. EXPERIENCE IN NEGOTIATING WITH JAPAN.

STREATOR

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Message Attributes

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Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
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ISecure: 1
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Litigation Codes:
Litigation History:
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Status: NATIVE
Subject: FINANCING TRADE WITH PRC
TAGS: EFIN, ETRD, UK, CH
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Type: TE
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